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Advancing inclusive development in rural towns

Actionable strategies for strengthening economic opportunity, quality of life, and quality of place

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Photo: Former Prison Redevelopment Site
Michigan City, Indiana, courtesy of Anderson + Bohlander



01

Introduction

There is a clear need to advance a more inclusive economic future for rural America, which accounts for 85% of the nation's persistently poor counties. This imperative is not simply a “rural” one. The geographic divergence that divides the country between “winner-takes-most” and “left-behind” places serves to harm the nation as a whole by concentrating productivity in too few regions while leaving large swaths struggling to meet their economic potential.

The lesser-known story is that local leaders across rural America have long been implementing bottom-up economic development strategies to “grow from within”¹ by investing in uniquely rural assets that leverage the diverse and innovative place-based strengths of small towns across the nation.

This practitioner-oriented report highlights insights from precisely these kinds of community-centered efforts underway across small towns nationwide. It draws from an in-depth, multiyear Brookings Institution and Local Initiatives Support Corporation (LISC) engagement with three diverse rural communities in the state of Indiana, as well as insights from rural economic and community development leaders across the country. Based on this in-depth engagement, we offer practical guidance and recommendations for practitioners and policymakers to advance, scale, and sustain inclusive access to opportunity, quality of place, and quality of life across rural places nationwide.

Photo: Municipal Park
Warsaw, Indiana, courtesy of Anderson + Bohlander



02

Why the moment is ripe for rural economic inclusion

Rural America faces severe and systemic barriers to opportunity. But importantly, rural communities are not a monolith that can be treated with “one-size-fits-all” approaches to economic revitalization. We focus here on three key trends that make an evidence-based case for advancing, sustaining, and scaling inclusive rural economic and community development efforts nationwide.

What do we mean by ‘rural’?

Researchers, practitioners, and policymakers often disagree on what constitutes a “rural” area. There are many metrics for defining “rural,” with some designations relying on population size, others on density, and others on places’ proximity to urban areas. This paper most uses the commonly employed “metro” versus “non-metro” delineation to define rural places as those outside of a metropolitan area. Yet we recognize the limitations of this approach, as this binary may fail to capture cultural understandings of “rural” that do not fit into neat metropolitan boundaries.

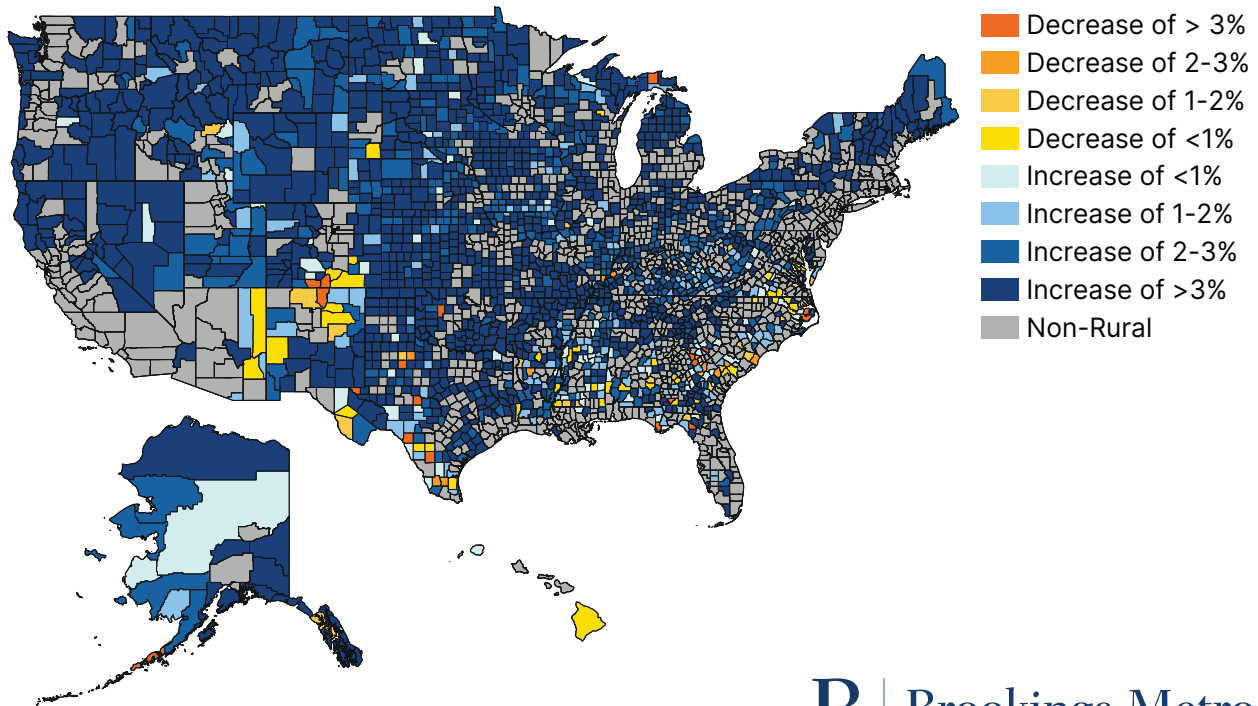
Importantly, while this is the definition we most commonly use throughout the paper, our findings and recommendations have relevance to a broad range of smaller communities and cities that exist outside of the nation’s largest metro areas.

First, rural places are more diverse than is commonly known, and they succeed when they are welcoming to new residents.

Despite often being portrayed as predominantly white, Map 1 demonstrates that rural areas are increasingly racially and ethnically diverse—reflecting the future of America writ large. As of 2020, people of color comprised 24% of the total rural population, and many rural areas now have a majority of people of color, [particularly in the South and West](#). Moreover, for roughly the past three decades, demographic diversity drove most of rural America’s population growth and even [offset depopulation trends of white out-migration](#) up to the 2010s. This was particularly true in rural areas across the [Midwest](#), which had long been experiencing depopulation prior to these demographic shifts.

MAP 1

**Change in Rural Population of Color
2010-2020**



SOURCE: Brookings analysis of 2010 and 2020 Census data.



Even with increasing diversification, however, rural areas still reckon with stark racial and ethnic disparities that limit their economic potential. For instance, [Black, Native American, and Latino or Hispanic rural residents](#) are disproportionately more likely to struggle with [poverty](#), [debt](#), and [isolation](#) than white rural residents—reducing the benefits they are able to contribute to productive rural economies while also threatening the sustainability of population retention and growth necessary for rural America to thrive.

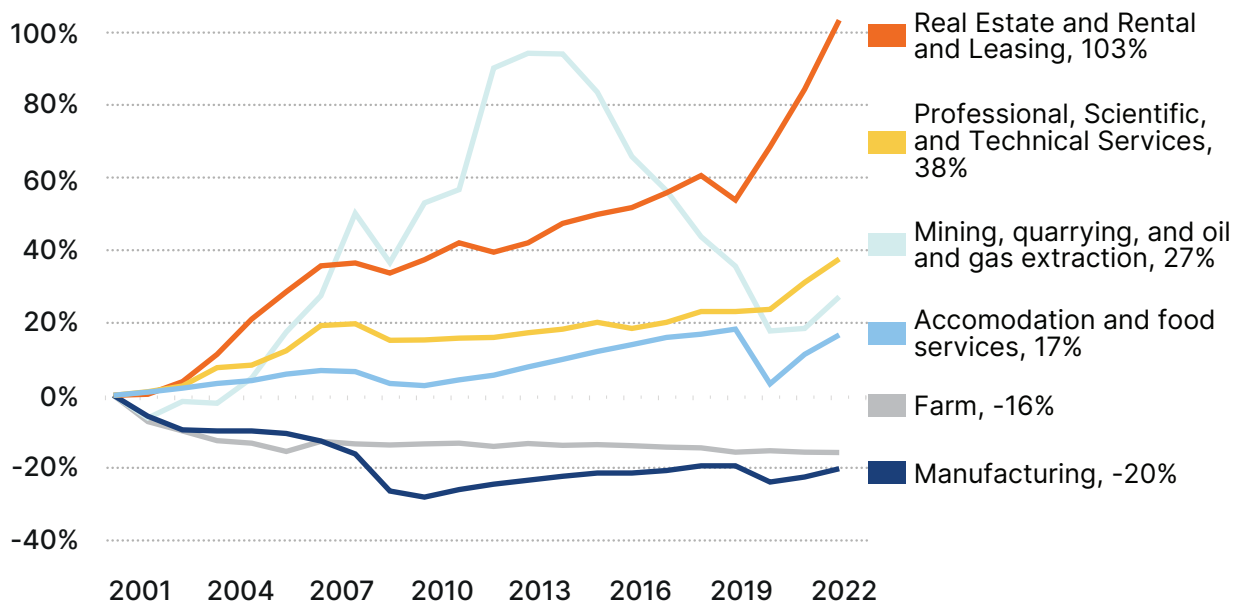
Second, small towns are increasingly characterized by diversified economies, anchored by small businesses and strong entrepreneurial ecosystems.

Rural areas have seen decline and stagnation in traditional industries over the past two decades, but as Figure 1 demonstrates, they have also experienced steady employment growth in a few key sectors. Between 2001 and 2022, for instance, rural employment in professional, scientific, and technical services grew by 38%, and in real estate by 103%. Conversely, rural employment in manufacturing and farming/agriculture fell by 20% and 16%, respectively.

FIGURE 1

Change in industry employment in rural America

2001-2022 Employment (number of jobs)



SOURCE: Brookings analysis of U.S. Bureau of Economic Analysis, "CAEMP25N Total full-time and part-time employment by NAICS Industry" (accessed April 24, 2024)

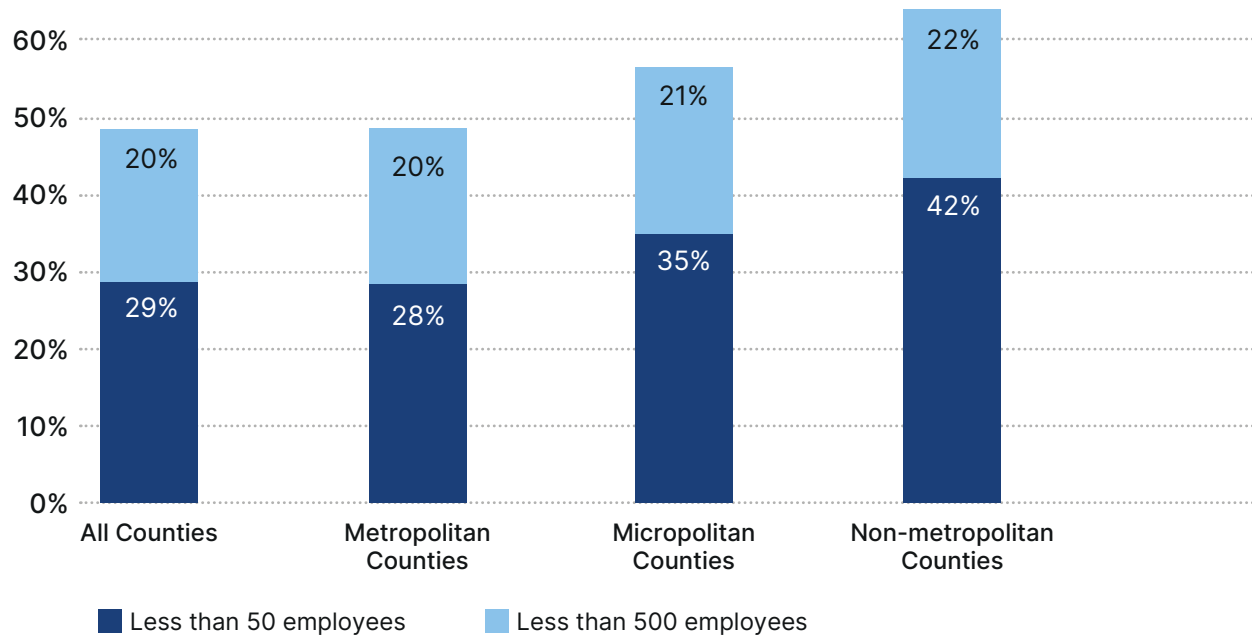


Alongside this economic diversification has been the strong role of small businesses in anchoring local rural economies. Thanks to many [place-based economic development efforts in Main Streets](#) and other corridors, many rural communities have been able to foster an accessible [entrepreneurial ecosystem](#) that supports locally led economic development. As Figure 3 demonstrates, in 2022, small businesses with fewer than 50 employees accounted for 42% of rural employment (compared to 28% in metro areas).

As Figure 2 demonstrates, in 2022, small businesses with under 50 employees accounted for 42% of rural employment (compared to 28% in metro areas).

FIGURE 2

Small business job shares by county type across the US, 2022



SOURCE: Brookings analysis of U.S. Census Quarterly Workforce Indicators Data



Even with the critical role that small businesses play in rural economies, these businesses' owners often [lack the adequate access to capital](#) and [broadband connectivity](#) needed to scale, especially compared to peers in larger cities. And just as in metropolitan communities, minority-owned rural businesses face [heightened vulnerabilities](#) that compound their barriers to accessing capital and other supports needed to scale.

Third, rural areas are home to unique and undervalued assets that are foundational to national prosperity. Rural areas are home to a diverse [array of local assets](#): from providing the [ecosystems](#) that fuel the nation through food production, carbon sequestration, and the stewardship of natural resources to supporting the industrial innovation and productive workforce that [the country as a whole relies on](#). By investing in rural place-based assets—such as historic buildings, recreational amenities, local food and natural production ecosystems, and collaborative civic spaces—rural leaders

have been able to create [locally tailored solutions](#) for solving economic and community development challenges, serving as a jumping-off point for addressing widespread disinvestment across rural America.

Yet even for all their successes, many rural civic and development organizations lack the capacity to scale and sustain their efforts at the level needed to make a dent in the nation’s growing geographic divergence. [Only 14% of community-based development organizations](#) serve exclusively rural areas, while limited resources hamstring rural local governments that often rely on [volunteer elected](#) officials challenged by [tight fiscal constraints](#) to provide basic services—let alone advance more strategic economic inclusion efforts at scale.

Because disinvested rural towns are often isolated from the economic opportunities of their broader region, their economic and workforce development efforts rarely achieve the scale of investment necessary to overcome barriers to opportunity. Instead, an array of economic development efforts often compete for local resources and public support while failing to align around the most promising economic opportunities for their community. This lack of a clear local strategy and organizational alignment prevents many towns from maximizing federal, state, and local resources that could be leveraged for broad-based benefits.



Photo: Zimmer Biomet Center Lake Pavilion | Warsaw, Indiana, courtesy of Anderson + Bohlander



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03

The model: A “Learning Lab” to promote community-centered economic inclusion in three rural Indiana towns

Given the factors laid out above, there is a clear opportunity to advance a more inclusive economic future for rural America—not only for rural residents themselves, but also for the nation as a whole. As Brookings scholars Mark Muro and Andre M. Perry aptly pointed out, this need is both economic and moral, as it is wholly unsustainable for the nation to prevent so many people from thriving simply because they live in the “wrong” place.

For this reason, the Brookings Institution’s Bass Center for Transformative Placemaking and the Local Initiatives Support Corporation (LISC) dove into this effort by launching a “Learning Lab” with rural leaders in three Indiana towns. Drawing from decades of lessons learned working on the ground with local economic and community development professionals nationwide, we focused the Learning Lab on helping these leaders implement a “community-centered economic inclusion” (CCEI) model designed to advance economic inclusion by linking disinvested rural districts to broader regional growth strategies.

What is the “community-centered economic inclusion” model?

In 2019, Brookings and LISC co-developed the “community-centered economic inclusion” (CCEI) model as an actionable approach to align local and regional leaders around a shared, achievable vision for inclusive economic revitalization in the face of constrained resources and capacity. Since then, the model has scaled to 14 neighborhoods across nine states (Map 2), with promising early outcomes.

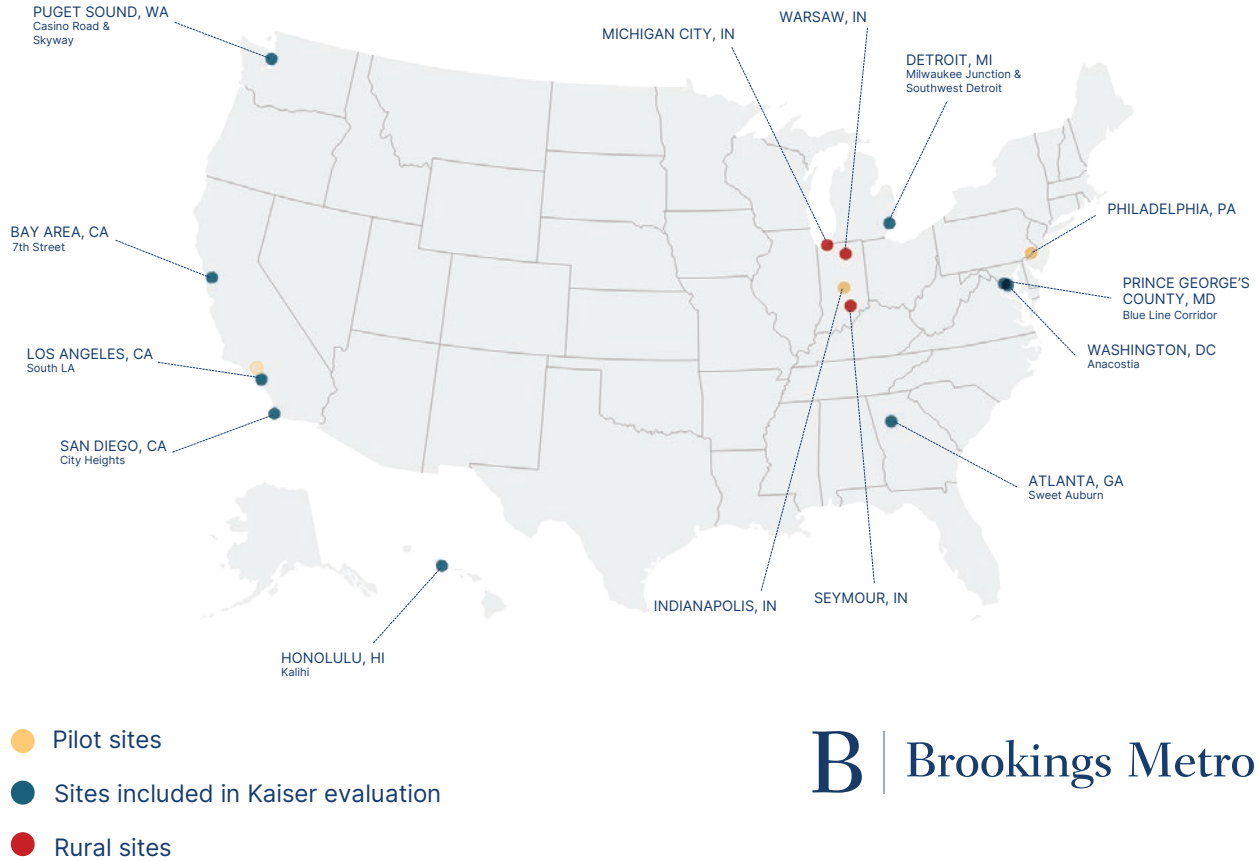
The CCEI model has three distinctive elements:

- » **SCALE:** CCEI aligns investments in “hyperlocal” districts—such as commercial corridors, industrial districts, and anchor institution hubs—where the potential for economic investment is ripe, but opportunity has often been hampered by economic disinvestment preventing residents from benefiting from economic assets. (For further explanation, see Step #1 in the next section.)
- » **SCOPE:** CCEI coordinates investments and resources around implementing a set of community-defined priorities that are prime for catalytic investment—spanning the fields of economic, community, and workforce development; placemaking; and public health. (For further explanation, see Step #4 in the next section.)
- » **LEVEL OF INTEGRATION:** CCEI breaks down siloes and legacies of distrust in historically underinvested communities by sharing decisionmaking power and implementation roles between community leaders, the public sector, and other city and regional officials. (For further explanation, see Steps #2 and #5 in the next section.)

Photo: Winona Lake | Warsaw, Indiana, courtesy of Anderson + Bohlander



Localities implementing community-centered economic inclusion nationwide



CCEI initially focused on underinvested districts in the urban context, where many places in “hotter” markets face challenges related to affordability, displacement, and cultural loss. That being said, across the nation, far more communities—particularly smaller and more rural areas—reckon with persistent impoverishment, stagnating economic growth, and sustained depopulation. To meet the demand for actionable strategies to promote economic inclusion and opportunity within weaker-market and more geographically isolated places, Brookings and LISC launched the Learning Lab in Indiana to pilot and adapt the model to the unique context of rural places.

Why choose Indiana to pilot rural community-centered economic inclusion?

An approach like CCEI requires startup and implementation capital that may not be as easily available in all rural areas, given limited philanthropic resources and capacity to apply for federal grants. For this reason, Brookings and LISC sought out rural communities that had a state, local, or regional funding source to leverage existing dollars for CCEI implementation.

The state of Indiana stood out for its investments in the Regional Economic Acceleration and Development Initiative (READI), which launched in 2021 and allocated \$500 million to 17 regions (encompassing all of the state's 92 counties) to invest in economic growth through long-term, strategic regional planning. The state's priorities for READI are also aligned with the goals of CCEI, as READI has the distinct objective of investing in region's quality of place, quality of opportunity, and quality of life.

With an understanding that READI was due to relaunch in 2023 as "READI 2.0," Brookings and LISC engaged the Indiana Economic Development Corporation (IEDC) to obtain their support for piloting the CCEI model in rural Indiana communities that hadn't fully capitalized on the benefits of READI 1.0, either due to capacity challenges or the lack of a cohesive regional strategy.

Our theory of change was that by embedding economic inclusion for often-disinvested rural areas within larger regional investment strategies, these communities could maximize state resources for broad-based benefits. Given the state's interest in this aim, Brookings, LISC, and the IEDC embarked on a partnership to support the creation of local Community-Centered Economic Inclusion Agendas across three regionally diverse towns in the state.

Within Indiana, Brookings and LISC selected three distinct rural towns that reflect the broad cross-section of experiences facing rural areas nationwide, including: 1) a previously industrial town with a recreation and tourism economy; 2) a town transitioning from a primarily agricultural economy to a manufacturing one, with skyrocketing Latino or Hispanic immigration; and 3) another with a strong single industry, yet struggling to attract and retain young talent. These three towns that participated in the Learning Lab were:

Michigan City

Situated along the shores of Lake Michigan in Northwest Indiana, Michigan City is a town that has experienced a steady population decline since 1990, with its current population (31,983) hovering at 5% less than it did in 1990.ⁱⁱ The town as a whole is 27% Black, with significantly higher concentrations of Black residents in certain districts, particularly its West and East sides.ⁱⁱⁱ Michigan City's local economy blends traditional manufacturing with a growing tourism sector—[attracting visitors to regional assets](#) such as the Indiana Dunes National Park, the Lake Michigan shoreline, a major shopping outlet mall, a winery and brewery culture, art museums, and festivals. [Double tracking of the South Shore rail line](#) directly connects Michigan City and Gary, Ind. to Chicago, offering opportunities for regional connectivity and tourism growth. Moreover, [the 2023 announcement of the projected closure](#) of the Indiana State Prison on the West Side as well as the recently announced closure of the NIPSCO [Michigan City Generating Station](#) (a coal- and natural-gas-fired power plant located adjacent to the West Side neighborhood and downtown) by 2026 or 2028 present new opportunities for catalytic redevelopment of these sites into community-serving public spaces.



Photo: Michigan City Harbor | Michigan City, Indiana, courtesy of Anderson + Bohlander

Seymour, Indiana

Dubbed the “Crossroads of Southern Indiana,” Seymour sits at the [intersection](#) of [five](#) interstate, U.S., and state highways—connecting directly to Indianapolis, Cincinnati, St. Louis, Mo., and Chicago—as well as two major north-south and east-west railroads. Seymour has an estimated population of 21,373, and is located in Jackson County, which was the state’s [seventh-fastest-growing](#) county in 2020.^{iv} The town of Seymour experienced a 174% increase in its Latino or Hispanic population between 2010 and 2020, driving much of this growth.^v While traditionally an agricultural town, Seymour’s manufacturing industry now makes up 43% of local employment, compared to 1.8% in agriculture.^{vi} Major employers include [Aisin](#), an automotive industry component and systems manufacturer.



Photo: Crossroads Park | Seymour, Indiana, courtesy of City of Seymour

Warsaw

Located in Northeastern Indiana between Fort Wayne and South Bend, Warsaw's population has increased 50% over the past three decades, to 16,473 (from 10,968 in 1990).^{vii} Manufacturing makes up the largest local industry, employing 39% of workers in the area, and a cluster of local orthopedic corporations has led the town to gain the reputation as the “orthopedic capital of the world.”^{viii} The town has a robust collection of outdoor recreation and entertainment [amenities](#) in the form of the Lake City Greenway trail system, a park system with 14 parks, a summer concert series, event venues, and beaches along Center, Pike, and Winona lakes, earning it the nickname of “City of Lakes.” Warsaw is more racially and ethnically diverse than the state of Indiana as a whole, with an estimated 13% of the population and 22% of students in community schools (according [to Indiana Department of Education data](#)) reporting as Latino or Hispanic.^{ix}



Photo: Courthouse Square | Warsaw, Indiana, courtesy of Anderson + Bohlander

Research and engagement activities that guided the Learning Lab

Beginning in October 2022 and lasting until August 2023, Brookings, LISC, and the Indiana-based planning firm Anderson + Bohlander engaged local leaders from each town to provide technical assistance, peer-learning opportunities, and an overview of best national practices to assist them in co-creating their own locally led CCEI agendas to be implemented on the ground over the next three years. These activities consisted of the following (see also Figure 3):

- » **PRE-DEVELOPMENT SUPPORT:** Over two to three months, Brookings and LISC worked with the three towns to build their familiarity with CCEI, help provide the capacity supports required to launch locally, and provide them with new quantitative economic market analyses of their town, region, and select “hyperlocal” districts to help determine where they should focus their CCEI efforts. (For more information, see Step #1 in the next section.)
- » **LEARNING LAB PEER EXCHANGES:** Between October 2022 and August 2023, Brookings and LISC hosted monthly “Learning Lab” peer exchange virtual meetings with all cohort members, inviting national experts on rural community and economic development best practices as guests to facilitate shared learnings and document lessons learned.
- » **TECHNICAL ASSISTANCE FOR THE LOCAL AGENDA PROCESS:** Once local teams selected CCEI priority areas, Brookings, LISC, and Anderson + Bohlander worked with them over seven months to provide in-depth technical assistance and convene local Advisory Coalitions to co-create CCEI agendas, including facilitating six in-person Advisory Coalition convenings in each town (18 total). To assist with community engagement, Anderson + Bohlander provided localities with support to convene 16 focus groups across the three towns and conduct 49 individual interviews with key stakeholders who were not engaged through either the Advisory Coalitions or focus groups. These qualitative interviews were mostly conducted by Anderson + Bohlander, but Brookings also conducted four in-person site visits to each town (12 total) to assist in the above-mentioned activities, as well as Brookings’ own qualitative research interviews. (For more information, see Steps #2 and #3 in the next section.)

- » **PUBLISH LOCAL ECONOMIC INCLUSION AGENDAS:** Based on the above activities, the three cities published their own CCEI agendas, with facilitation and review support from Brookings, LISC, and Anderson + Bohlander. (For more information, see Step #4 in the next section.)
- » **A THREE-YEAR IMPLEMENTATION PERIOD:** Beginning in fall 2023, each town began its three-year implementation period. While this concluded the in-depth technical assistance and Learning Lab period facilitated by Brookings and LISC, we remain engaged through joint presentations, facilitated learning calls, and other lighter-touch opportunities.

FIGURE 3

Learning Lab Timeline and Activities

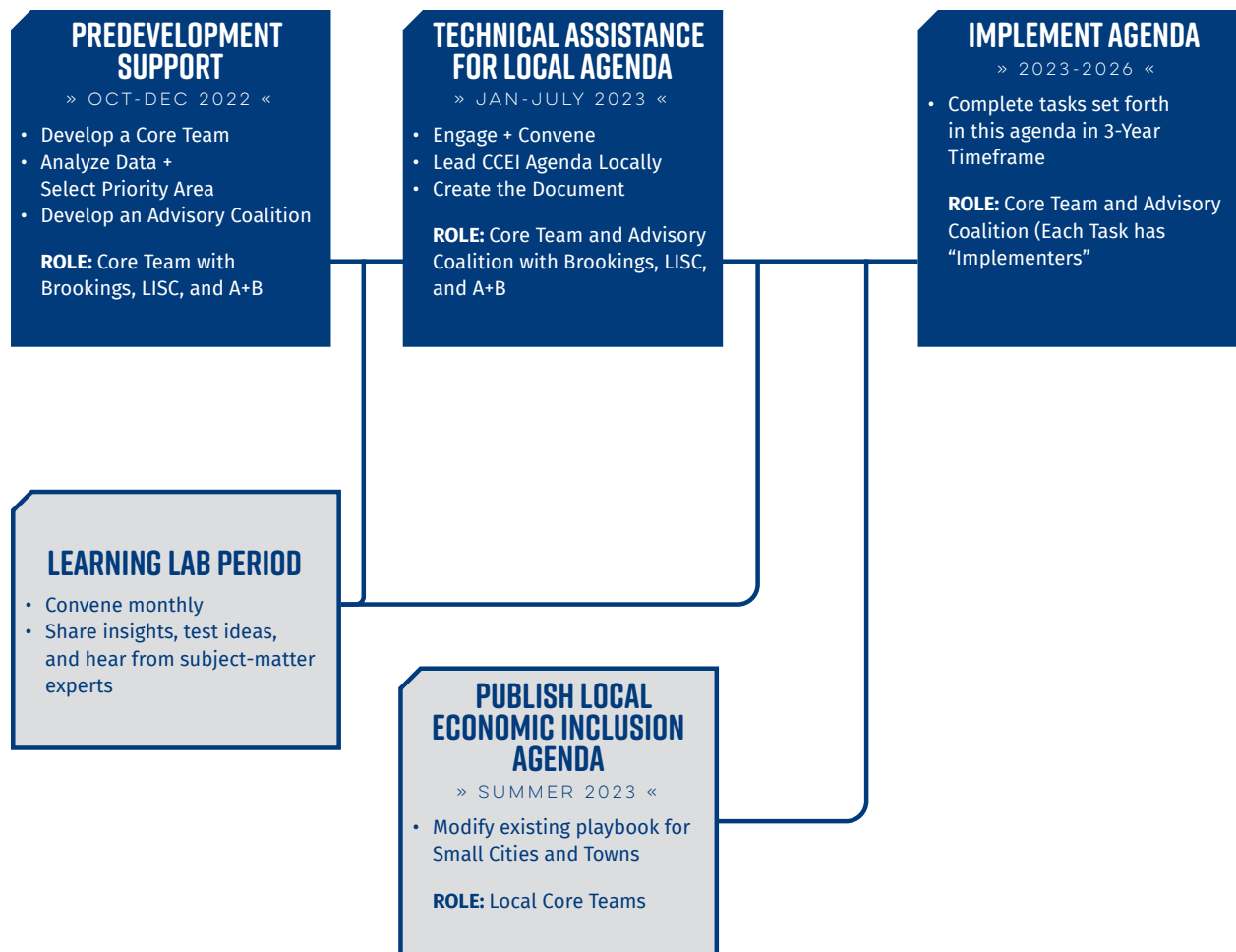




Photo: Washington Park Marina | Michigan City, Indiana, courtesy of Anderson + Bohlander

04

The playbook: Practical implementation guidance for rural economic and community development stakeholders

Based on our collaborative learnings from the Lab, this section provides concrete guidance for rural and small-town leaders to implement an inclusive revitalization approach. This guidance draws from the steps outlined in [Brookings](#) and [LISC's 2021 CCEI playbook](#), but is tailored extensively to reflect the unique realities and constraints of doing this work in rural areas with limited capacity and resources. In this section, we present the five implementation steps of CCEI, while interweaving local spotlights from Indiana towns as well as local learnings specific to implementing this kind of approach in rural areas nationwide.



Step 1 | The “Where”

Selecting districts for community-centered economic inclusion

The CCEI approach aims to align investments in “hyperlocal hubs” of economic activity, where assets cluster and connect but have often been devalued or disrupted by disinvestment, neglect, or discrimination. Getting “the where” right—meaning identifying these hyperlocal hubs—is CCEI’s first step and arguably the most important, as district selection will ultimately shape the resources, collaborations, and interventions needed to implement the model.

To begin the process of identifying priority places for economic development, each Indiana town established a “core team” of local leaders to backbone the district selection process. Core teams from each town consisted of between five and 10 local stakeholders representing the following groups: 1) economic development organizations; 2) community foundation stakeholders; 3) resident leaders of community-based organizations or grassroots initiatives; 4) elected officials; 5) town staff from planning departments; 6) religious organizations; and 7) other locally identified leaders, such as small business owners, chamber of commerce leaders, youth leaders, or other deeply involved constituents.

Brookings and LISC then worked with each local core team to conduct a high-level analysis of their town’s [“activity centers.”](#) From there, local leaders in each site provided feedback on the data, conducted initial engagement with community leaders on the ground, and did additional qualitative assessments of the civic strengths and capacity of these activity centers to narrow down which corridors or districts would be the best fit for the approach. Table 1 presents the decision-making factors that ultimately guided towns’ selection of CCEI districts.

TABLE 1

Place-based characteristics to help identify the ‘where’ for community-centered economic inclusion

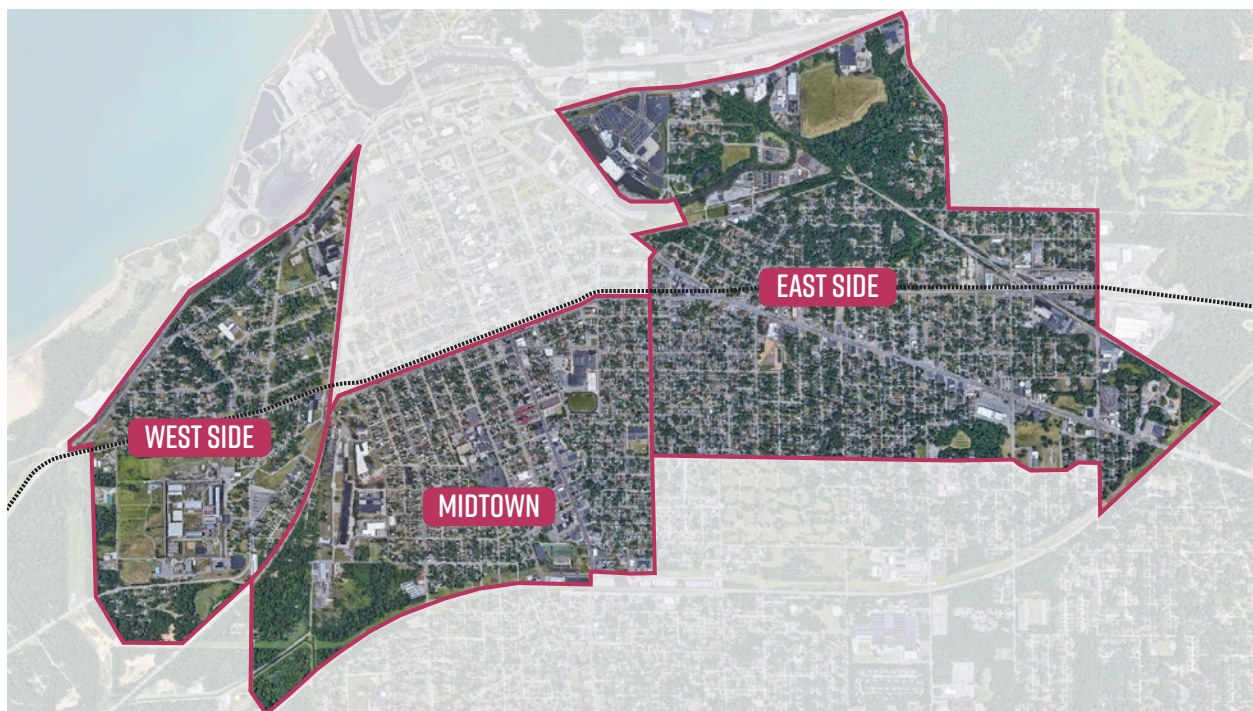
Place-based characteristic	Reason for prioritizing	Example indicators (quantitative and qualitative)
Documented economic disparities and/or legacies of disinvestment	To ensure inclusivity, prioritize neighborhood districts/corridors that display stark inequities relative to their city/region	Poverty rates; unemployment rates; educational attainment rates; residents without a vehicle; share of housing-cost-burdened residents; etc.
Clusters of existing assets that can be leveraged for economic inclusion	To ensure transformative impact, prioritize neighborhood districts/corridors with assets that can be leveraged for broad-based benefit (relative to their city/region)	Commercial corridors; industrial districts; nearby anchor institutions; arts and cultural districts; ongoing initiatives in the same area, such as tax increment financing (TIF) districts, Opportunity Zones, or a Comprehensive Economic Development Strategy (CEDS); etc.
Buy-in from multiple levels of stakeholders, as well as capacity to participate in a place-based initiative	To ensure long-term success, prioritize districts/corridors with community-based organizations that have the capacity, trust, and buy-in to facilitate a place-based inclusion project, as well as the cooperation across different levels of regional and local government and civic institutions to ensure sustainability, funding, and political support	Buy-in from residents, community-based organizations, local small businesses, city leaders, regional entities, and local/regional funders
The presence of “regionally significant” opportunities that can benefit a broad segment of the population	To ensure broad-based benefits beyond the target geography, prioritize neighborhood districts/corridors where people work, live, and visit to access public and private services (relative to their city/region)	Residential density; job density; the availability of good and accessible jobs; access to multiple forms of transit; the presence of land with the potential to revitalize for community-serving uses; etc.

After a three-month process of identifying the data and qualitative factors, the three towns selected the following priority areas in which to implement CCEI:

The “where” in Michigan City: Three districts with once-in-a-generation catalytic development opportunities. Because the bulk of economic development investments in Michigan City have traditionally focused on its downtown and lakefront, local leaders selected three neighborhoods that had strong economic assets but had largely been neglected in town and regional investment strategies: the West Side, Midtown, and East Side (Map 3). Michigan City’s priority areas also include two once-in-a-generation catalytic development opportunities: the repurposing of the Indiana State Prison on the West Side and the recently announced closure of the NIPSCO plant.

MAP 3

Michigan City’s community-centered economic inclusion districts



Graphic courtesy of Anderson + Bohlander

“ The prison is biggest opportunity for redevelopment. Given the timing of the NIPSCO closure, it will also be huge asset by providing more public access to water. The hard part is: How do we make sure these new opportunities are inclusive? How do we not leave people behind ? ”

– A Michigan City stakeholder

These economic inclusion priority areas are some of the densest, most racially and ethnically diverse parts of the town, but also happen to have the highest rates of housing insecurity, food insecurity, and poverty. As of 2020, the West Side, Midtown, and East Side poverty rates were 39%, 25%, and 27%, respectively, compared to 23% across the town. Forty-three percent of West Side residents and 39% of East Side residents are Black and do not identify as Latino or Hispanic, compared to 27% of the town as a whole (and 20% in Midtown). The East Side has the highest rate of housing-cost-burdened residents, at 32% compared to 29% across Michigan City, 24% in the West Side, and 28% in Midtown. From an employment perspective, the East Side and West Side have a greater share of “good-paying” jobs (i.e., those paying a salary above \$40,000 a year) than the town as a whole, concentrated mostly in industrial sectors. But very few residents that live in these neighborhoods work in these jobs, with most commuting outside of town boundaries for employment.

“ Development on the lakefront has always been for rich people, not for us. ” – A Michigan City stakeholder

The “where” in Seymour: A rapidly growing, predominantly Latino or Hispanic industrial opportunity zone. Local leaders in Seymour chose to focus on their fastest-growing and most diverse area, the Burkart Opportunity Zone, which is part of a [dedicated Opportunity Zone tract](#) enabled by the federal Tax Cuts and Jobs Act of 2017 (Map 4). Between 1990 and 2020, this area grew by 81%, compared to 39% for the town as a whole. And in 2020, an estimated 49% of residents identified as Latino or Hispanic, compared to 26% town-wide.

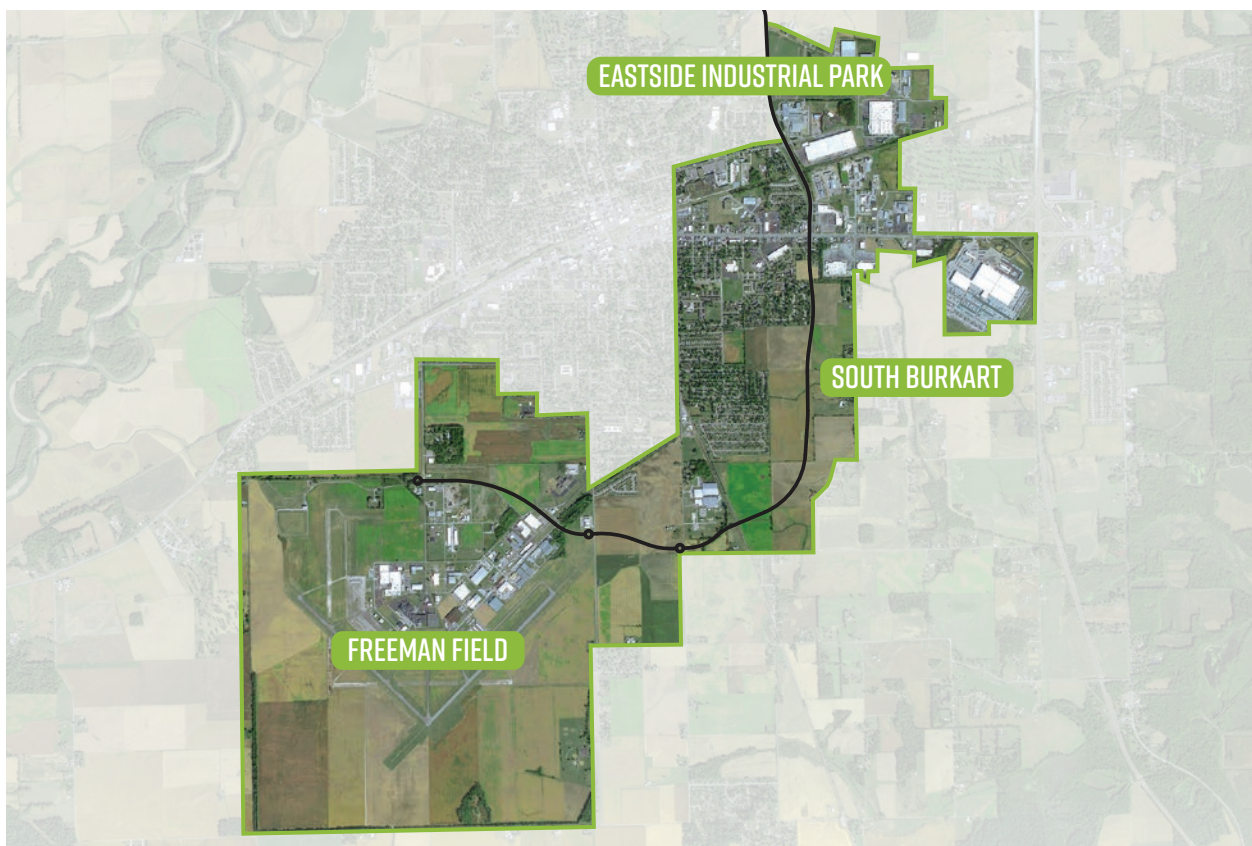
While this growth has provided many workforce and economic development opportunities for the small town, it has also led to increasing challenges in meeting the needs of the growing population.

“ We have five trailer-park portable classrooms since we can’t keep up with all the growth. We’re about to do our third expansion in the elementary school. We have buses, but the problem happens when the kids want to do extracurriculars after school—football, etc. Participation would go up if we could add a bus, but transportation is very expensive to run and maintain. ” – A Seymour stakeholder

Compared to the town as a whole, the Burkart Opportunity Zone has a higher poverty rate (29% versus 20% town-wide), a higher share of residents who are housing-cost-burdened (35% versus 26% town-wide), and greater instances of food insecurity (with 54% of residents receiving SNAP benefits versus 37% town-wide). From an employment perspective, the Burkart Opportunity Zone has a higher concentration of good jobs in the industrial (77%) and service (32%) sectors than the rest of the town, but most (71%) of its residents are disconnected from these employment opportunities.

MAP 4

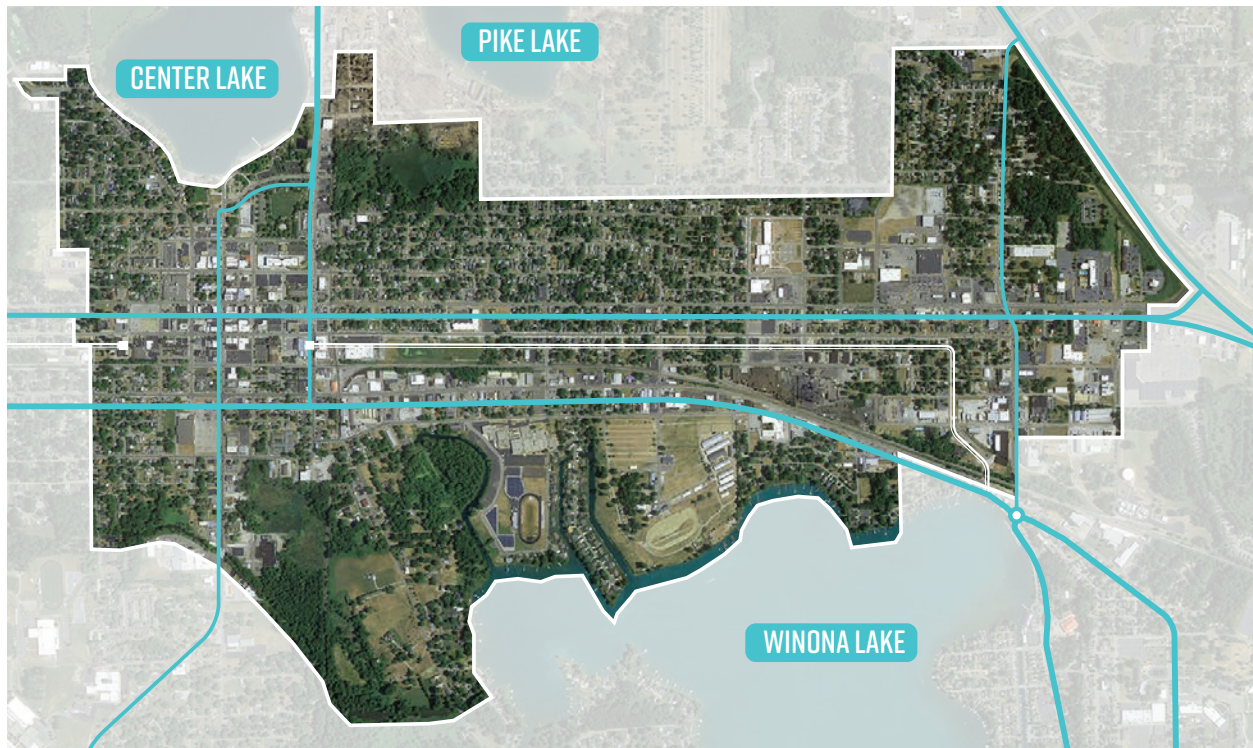
The Burkart Opportunity Zone economic inclusion district in Seymour



Graphic courtesy of Anderson + Bohlander

The “where” in Warsaw: A critical corridor for investing in minority-owned small businesses. Local leaders in Warsaw chose to focus on an area they deemed “Critical Corridor Connections,” which acts as a gateway between the town and nearby Winona Lake (Map 5). The area is dense but losing population (down 9% since 1990, while town’s population increased by 44%).

The Critical Corridor Connections economic inclusion district in Warsaw



Graphic courtesy of Anderson + Bohlander

While residents within the corridor have similar demographic and poverty rates as the town, higher poverty rates (over 30%) are largely concentrated in the eastern side of the priority area. The area itself contains fewer good and accessible industrial jobs compared to the town, but is home to a strong ecosystem of minority-owned businesses along Winona Avenue, which leaders chose to focus on as a critical asset for both economic inclusion and furthering the quality of place that helps retain a diverse population.

“We have jobs here that pay well, but there hasn’t been as much of a focus on other aspects of economic development. People don’t want to work here because there is nothing to do. Other aspects of quality of life have to be re-tooled to be economic development.”

– A Warsaw stakeholder

Key “where” lessons from rural CCEI:

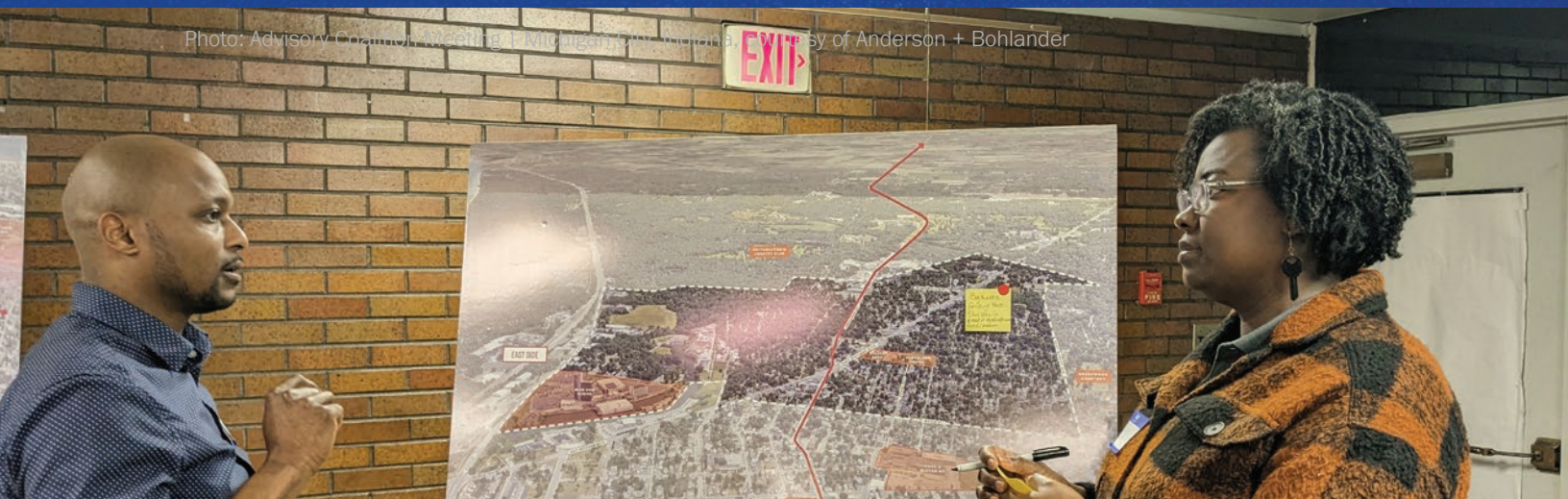
While all three towns successfully obtained local, regional, and state support for piloting CCEI in their priority areas, several key learnings emerged from these efforts that distinguish the district selection process in rural towns from that in more urban areas. These lessons, presented below, provide important contextual grounding for the policy recommendations presented in the next section of the report.

Limited access to “hyperlocal” economic data can conceal the role of “place” in larger rural economic development initiatives. Districts in rural towns—particularly those outside of Main Street corridors—have traditionally been perceived as “too small” to have their own economic development priorities. Many of these districts also lack the resources and capacity needed to analyze and present neighborhood-level data to make the case for their importance in place-based economic inclusion strategies to public officials—meaning that their assets, needs, and priorities have often been overlooked in broader town and regional economic development initiatives.

“ One thing that struck me is that before this, there was no understanding of how these things function—how the mayor’s office, the boards, and [the rest of it] all works. We didn’t get involved in local land usage, we didn’t get a deeper dive in understanding all this. ”

– A rural Indiana town stakeholder

Photo: Advisory Council Meeting | Michigan City, Indiana, © University of Anderson + Bohlander



The case for inclusive place-based development can be a difficult one to make. Given the perception that residents in disinvested districts lack the economic and political power to meaningfully dictate regional outcomes (combined with the before-mentioned place-based data gaps), issues of equity and inclusion are often minimized in regionally led rural economic development initiatives.

“ The first time I heard ‘inclusion’ was at a board meeting. Honestly, it was presented with apprehension, so it was also received with apprehension. ” – A rural Indiana town stakeholder

On the upside, new knowledge and data can go a long way toward building momentum for inclusive development in disinvested rural districts. Disinvested small-town districts often have transformative development sites that could boost economic development for the entire town and region, but which require community engagement to do so locally and equitably. With the application of fresh expertise and data analysis capacity (in partnership with local community-based leaders themselves), new place-based knowledge can leverage the support needed to move these sites into redevelopment for community-centered uses.

“ The place-based approach is critical. If you’re not making plans like this, you don’t have anything to offer when big opportunities like this come along. I’ve seen communities lose every opportunity for not knowing what they want beforehand. ”

– A rural Indiana town stakeholder

Step 2 | The “who”

Convening a coalition of leaders across sectors and capacity levels to co-create CCEI priorities:

At its core, the CCEI approach strives to build consensus between community-based stakeholders, city officials, and regional stakeholders for economic inclusion priorities. The ultimate goal is to make community-led revitalization efforts more achievable while also making city and regional initiatives more attuned to the actual priorities of disinvested places.

The second step of CCEI, therefore, is to identify, convene, and steward a cross-sectoral “Advisory Coalition” that brings together key community leaders with town and regional leaders to co-develop place-based investments that are accountable to communities, feasible to fund, and sustainable over the long term. Across the three rural Indiana Learning Lab towns, the local core teams were responsible for selecting and convening these cross-sectoral Advisory Coalitions over a six-month period, with support from Brookings, LISC, and Anderson + Bohlander. Table 2 shows the key stakeholders in Advisory Coalitions across the three towns.



Photo: Advisory Coalition Meeting | Michigan City, Indiana, courtesy of Anderson + Bohlander

TABLE 2

‘Advisory Coalition’ members for CCEI across three rural towns

Stakeholder type	Coalition stakeholder representation from rural towns
<p>Community-based stakeholders with the deepest knowledge of, stake in, and qualifications to lead place-based economic inclusion strategies in their own district</p>	<ul style="list-style-type: none"> • Resident leaders • Community development corporation leaders • City council members representing CCEI districts • Church and religious leaders • Youth organizations • Local small business owners • Local business association leaders • Neighborhood associations • Other locally serving nonprofits, including those in food systems work, placemaking, housing and homelessness, and other key community-based services
<p>City stakeholders with the political support, connections, and technical expertise to champion economic inclusion efforts underway in CCEI districts</p>	<ul style="list-style-type: none"> • Elected officials (e.g., mayors and other key leaders) • Key staff from relevant citywide departments (e.g., Planning, Parks, etc.) • Major citywide employers • Workforce development providers • Local developers • Local public safety leaders • Other citywide nonprofits spanning the above-mentioned areas
<p>Regional stakeholders with the broad-based connections, resources, and influence to champion economic inclusion efforts in CCEI districts beyond local boundaries</p>	<ul style="list-style-type: none"> • Foundations, including community foundations • Chambers of commerce • Regional planning commissions • Anchor institutions, including universities and community colleges • Large regional employers • Transit authorities (if applicable)

Key “who” lessons from rural CCEI:

While all three towns benefitted from significant and enthusiastic participation in their Advisory Coalitions, there were also key challenges and lessons learned that emerged from the process, presented below. These lessons provide important contextual grounding for the policy recommendations presented in the next section of the report.

Neighborhood-level organizing is limited in many rural districts, which can make it difficult to engage community-based leaders without significant capacity-building. Disinvested districts in rural towns often lack “grassroots” organizing at the hyperlocal level, as well as more formalized community-based nonprofits (such as community development financial institutions [CDFIs]) to advocate on behalf residents. This can result in a situation in which many place-based economic inclusion initiatives must “start from scratch” to rebuild neighborhood engagement, capacity, and trust—requiring significantly more time and resources.

“ Neighborhood associations and community-based organizations don’t happen spontaneously or without support—and they are definitely not here. ” – A rural Indiana stakeholder

Rural town agencies are also often hamstrung by capacity gaps, impeding their ability to address equitable representation and community engagement challenges at the hyperlocal scale. Rural public sector officials—often consisting of volunteer and part-time town staff—typically do not have the resources, staff, or capacity to build up the community-level infrastructure needed to bolster equitable engagement, let alone further institutionalize these engagement structures at the town-policy level. This often leads to town actors being perceived as inherently inequitable and out-of-touch with neighborhood priorities.

“ [We’re] completely underserved...It’s shocking to me how little investment has been made due to the demographic needs. ”

– A rural Indiana stakeholder

The “tight-knit” nature of small town social and civic dynamics can make equitable

engagement difficult. Because small towns are often comprised of residents who have spent their entire life there, local leaders work within a tight-knit web of relationships. This closeness sometimes results in a strong aversion to local changes that might upset friends and neighbors. This aversion to conflict is especially evident when it comes to creating ambitious plans to transform key sites or create programs that address “hot-button” development issues. At the same time, the insular nature of rural development can lead to the same residents often being asked time and again to participate in the same committees and boards, to the detriment of achieving truly representative perspectives.

“ A handful of folks in the Latino community are always invited to planning meetings. There needs to be more people involved. There are not as many Latino professionals, meaning they can’t do this as part of their job. We need to pay people who are doing that outside of their jobs.” – A rural Indiana stakeholder

Despite these challenges, rural economic inclusion organizing provides greater access to top elected officials and other key economic development leaders.

Even with these capacity gaps, the CCEI processes across the three pilot towns found that high-level town stakeholders participated far more extensively—and meaningfully—in CCEI efforts in rural areas than they did in urban ones. Moreover, after participating in CCEI efforts, elected officials were more committed to including neighborhood priorities within town-wide development priorities and including community-based stakeholders from disinvested neighborhoods into future development planning processes.

“ One of the biggest surprises was that this process helped us learn how much was already going on in the community and who may have been missing in these kind of groups previously and who maybe wasn’t the best contributor to the process in hindsight.”

– A rural Indiana stakeholder

Step 3 | The “why”

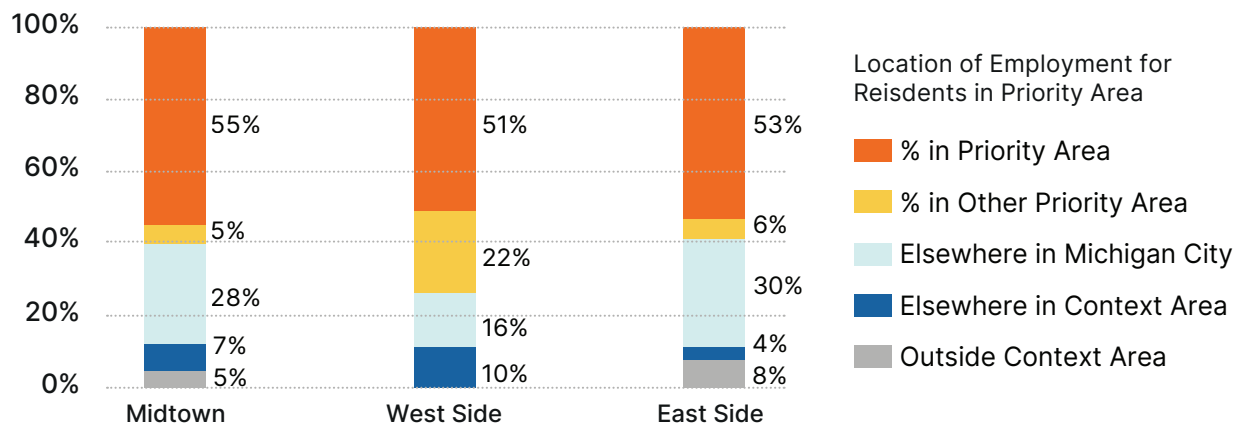
Economic development planning to help correct past harms and invest in undervalued assets:

The CCEI approach seeks to correct the harms of past development efforts that have over-promised and under-delivered to residents in disinvested communities. As a critical step in this goal, the “why” step in the model involves three primary actions:

1 | Hyperlocal data analysis to identify market opportunities and residents’ barriers to accessing them: Because CCEI strives to connect low-income residents with good and accessible employment opportunities within their community and city, a cornerstone of the CCEI planning process requires analyzing data on job trends, requirements, and barriers, including residents’ share of employment within their own district (see Figure 4), commute times, level of educational attainment, and English proficiency. This analysis is paired with qualitative engagement with both workers and employers in the region to identify the underlying reasons why such disconnects occur.

FIGURE 4

Disconnects with job opportunities in Michigan City



SOURCE: Brookings analysis of 2019 Longitudinal Employer-Household Dynamics (LEHD) data

2 | A comprehensive review of previous district plans to understand what has – and hasn’t worked before: After identifying communities’ market opportunities, strengths, and barriers, it is imperative to know what policies and programs have tried (or are trying) to enhance opportunity, and with what results. This is particularly important within underinvested communities, which have often been over-planned with few tangible benefits. A review of previous plans impacting CCEI districts including— neighborhood, citywide, and regional development plans, as well as those from other key related initiatives (if applicable), like Empowerment Zones or Promise Zones—is therefore a critical step of the CCEI planning process. In rural CCEI towns, however, there were very limited previous plans for neighborhoods or district-level geographies to examine (See Table 3).

TABLE 3

Previous plans reviewed for rural community-centered economic inclusion efforts

Previous plans, by geography type	Previous plans, by relevance to CCEI areas
District/neighborhood/community-level plans	Downtown corridor plan (Michigan City, Seymour, and Warsaw) Quality of life plan for nearby corridor (Michigan City)
Town-wide plans	Town-wide comprehensive plan (Michigan City and Warsaw) Town-wide parks plan (Seymour) Town-wide transit/pedestrian plan (Michigan City and Warsaw)
Regional plans	Countywide strategic development plan (Michigan City) Countywide housing plan (Michigan City and Seymour) Countywide land use development plan (Michigan City)

3 | Extensive community engagement: Finally, a cornerstone of the CCEI planning process is to conduct extensive community engagement through a blend of community focus groups, community convenings, individual interviews, Advisory Coalition meetings, and partnerships with Advisory Coalition members to obtain additional feedback and perspectives. The key challenges uncovered from this engagement can be found in Table 4.

TABLE 4

Key challenges that emerged as barriers to rural CCEI efforts

Challenge	Reason
Employment disconnects with “good and accessible jobs”	<p>The three rural towns identified significant disconnects between the “good and accessible” jobs located within CCEI priority areas and residents’ ability to access them. Nationally, research indicates that the longer travel distances rural residents must take as a result of not being employed in nearby jobs can translate to lost wages for hourly workers and higher spending on gas and child care, while also deterring residents’ from making other long essential trips, such as for health care.</p>
Limited childcare that makes employment difficult to retain	<p>The three rural towns found that child care costs were inhibitive to residents’ ability to access employment. This is consistent with national research finding that a majority of rural non-working parents cite lack of child care as a primary reason they are not employed. Indeed, additional research finds that families living in rural areas are more likely than urban and suburban families to live in a child care desert and spend a higher share of their income on child care.</p> <p>“Higher-skill employers are tapped out with who they can recruit. Workforce is their largest challenge—particularly lack of quality-of-life attraction and child care” – A rural Indiana town stakeholder</p>
Limited supports for small businesses and entrepreneurs	<p>The three rural towns reported significant gaps in their small business and entrepreneurship development ecosystems, particularly for local minority-owned businesses outside of Main Street or downtown corridors. Indeed, national research finds that rural small businesses face significant barriers to growth, including limited access to capital and broadband connectivity. As in non-rural communities across the nation, minority-owned rural small businesses face heightened vulnerabilities in each of these areas.</p>
Lack of affordable, safe, and quality housing	<p>The three rural towns determined that housing costs were inhibitive to residents’ ability to retain stable employment in their towns. National research confirms this, finding that the availability, quality, and affordability of housing is the most commonly cited challenge in rural communities, with people of color experiencing higher housing-cost burdens in rural areas. Moreover, over half of rural households live in units built before 1980—posing additional challenges to financial stability, as older homes are more expensive to maintain over time and more likely to experience substandard conditions such as lack of complete plumbing, hot water, or kitchen facilities.</p>

TABLE 4 CONTINUED

Challenge	Reason
<p>Limited access to quality-of-life amenities, including grocery stores</p>	<p>The three rural towns identified a lack of critical amenities in their communities—particularly food access—as a key barrier to development. Indeed, national research finds that small towns often don’t have a population large enough to support a grocery store in their area; these disparities are heightened in rural Black and Latino or Hispanic neighborhoods as well as rural immigrant communities. Moreover, the proliferation of dollar stores and other limited grocery store options in rural areas has been found to displace full-service stores from opening and supplying more nutritional options in low-income markets.</p> <p>“One of the biggest things that needs to happen is a grocery store, and one that will actually be able to succeed. I’ve seen too many failures.” – A rural Indiana town stakeholder</p>
<p>Lack of shared civic and public spaces for the recreational and entertainment activities that contribute to quality of place</p>	<p>The three rural towns consistently identified the need for “more things to do”—particularly, the lack of recreational and entertainment assets as a barrier to development. Indeed, recent studies have found that rural areas tend to experience the greatest disparities in safe, accessible public spaces, despite their outsized access to natural amenities and recreational assets.</p> <p>“We’d like to have recreation. I don’t have time to commute and take my children away...We used to have [public spaces] as a pivotal part of the city, but if you don’t own the land...” – A rural Indiana town stakeholder</p>
<p>Stubbornly vacant, but potentially transformative sites for redevelopment</p>	<p>The three rural towns identified the impact of vacant and abandoned properties on limiting community wealth, health, and well-being. Indeed, national research finds that vacant properties can drive out-migration, deter future investments, and affect local property values—with out-of-town landlords being especially difficult to track down, hold accountable, and negotiate for bringing abandoned sites back to active use.</p>
<p>Lack of developers with the capacity put together more complex financing transactions</p>	<p>The three rural towns reported a lack of local developers with the ability to put together capital stacks for housing and smaller-scale community development revitalization projects. Indiana statewide research supports this, finding that many rural areas face risk-adverse developers who are hesitant financing first-time projects in rural areas, partially due to the widespread presence of vacant and blighted properties that may limit their returns. Additionally, higher rural construction costs can discourage development, as well as rural zoning and permitting restrictions that make high-density development difficult, with lower profits per units built.</p>

Key “why” lessons from rural CCEI:

While all three towns uncovered critical new data, insights, and perspectives to guide the creation of their CCEI agendas, there were also key challenges and lessons learned that emerged from the process, presented below. These lessons provide important contextual grounding for the policy recommendations presented in the next section of the report.

Reliance on a traditional economic development mindset can be difficult to break: The traditional economic development model across many rural towns (and urban areas, for that matter) has focused on attracting businesses to locate or relocate into an area. While this model has been unsustainable for many, it continues to dominate across many rural development planning ecosystems—to the point that issues such as housing and child care were seen as new additions to economic development planning.

“ When we did strategic plans, it was all about marketing tied to traditional economic development—meaning companies to attract. This process has solidified that economic development is really big, spanning workforce development, housing, parks, and realizing that daycare is a jobs problem. ” – A rural Indiana stakeholder

Rural corridors typically have few previous plans to draw from: At the same time, because many rural corridors outside of Main Streets have not experienced focused economic development agendas dedicated to them, there are far fewer local plans to parse through—as well as far fewer implementation failures to learn from (see Table 3 above). This represents a knowledge gap that could inadvertently make rural CCEI efforts less able to learn from past community and economic development planning mistakes.

On the upside, rural areas are less likely to be fatigued by over-planning, and are more likely to be enthusiastic about new approaches:

Because rural towns have largely not experienced neighborhood-centered planning (for better or for worse), rural towns implementing CCEI found much greater participation from a broad array of stakeholders across all capacity levels. Participants were excited about contributing to positive change in their community, without as much distrust and disillusionment that often occur in larger cities. In many cases, the CCEI process assisted in this enthusiasm by helping provide the hyperlocal data analysis and exposure to national best practices for rural residents to understand that the economic development status quo has not been working for them—and that new tools for housing, workforce, child care, and entrepreneurship were needed, which made many local stakeholders open to new approaches.

“ We are trying new things. We are hopeful about new development. I got optimism here. I haven’t really heard any sort of griping. Let’s dream—let’s dream big, something for the next generation. ”

– A rural Indiana stakeholder



Photo: Michigan City, Indiana, courtesy of Anderson + Bohlander

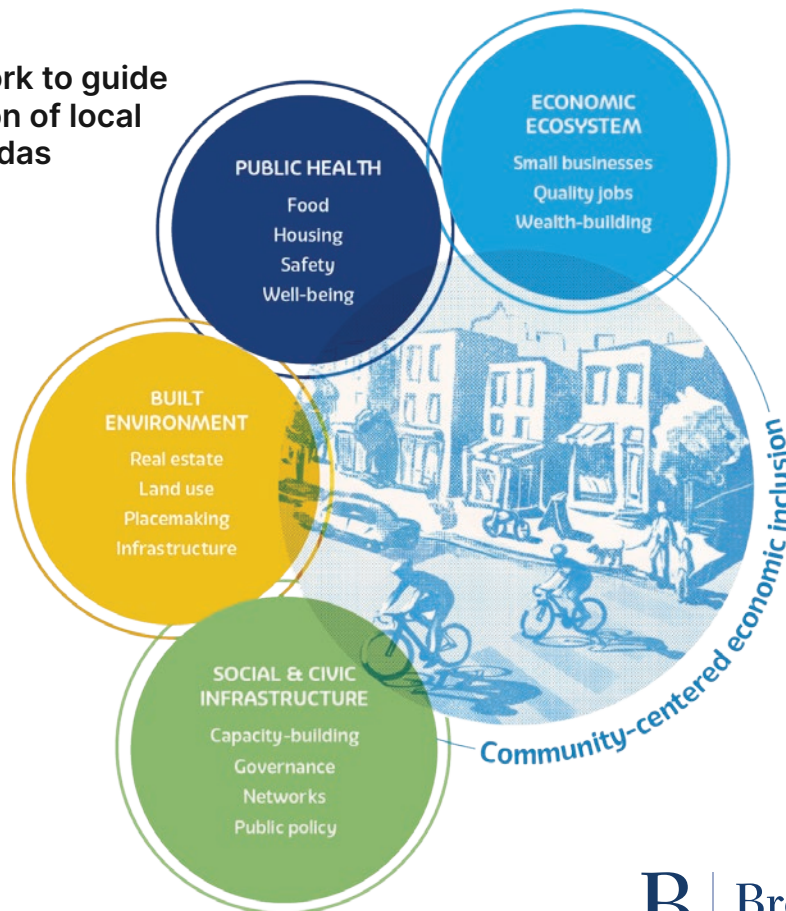
Step 4 | The “what”

Co-creating community-centered economic inclusion agendas

The CCEI model seeks to support districts to grow from within by investing in local assets, people, and small businesses that generate positive economic and public health outcomes. It equips local leaders with a four-part integrated framework (see Figure 5) to guide the ultimate creation of their locally owned CCEI agendas—encouraging them to invest not only in places’ economic ecosystems, but also in their built environments, health and wellness, and social civic infrastructure to better support equitable access to opportunity.

FIGURE 5

A framework to guide the creation of local CCEI agendas



Across the three towns, local teams considered the following key agenda-creation strategies to ensure that CCEI agendas were not just responsive to community priorities, but also fundable, achievable, and built with ongoing community feedback loops throughout implementation. Table 5 provides an overview of these key strategies.

TABLE 5

Practical considerations to guide the creation of CCEI agendas

Consideration	Reason
Align agenda items with resources	To ensure CCEI priorities are achievable, they must be aligned with existing organizational/funding resources or attached to a specific funding plan that is achievable in the near term. This is because ambitious strategies without a chance of funding will mislead residents and further instill distrust by failing to deliver.
Designate lead implementors for all agenda items	To ensure follow-through and avoid breaking promises, each action item within CCEI agendas should have a designated organization responsible for implementation, co-fundraising, and accountability.
Stagger timelines for respective agenda items	Given the varied nature, scope, and visibility of CCEI strategies, they should be divided into realistic implementation periods—such as short-term, medium-term, and long-term strategies.
Attach clear, achievable outcomes	Strategies should be attached to clear, achievable outcomes that prioritize racial equity and are visible to residents within a reasonable timeframe.
Build in iteration	Build in a certain level of flexibility so strategies can iterate to communities’ shifting priorities and realities. For this reason, coalitions should continue meeting and build in designated points in time to update plan strategies.

Following these principles, all three towns successfully co-created their own local economic inclusion agendas in summer 2023, which can be seen in Figure 6 and accessed in full through locally published agendas found at the links below.

FIGURE 6

Rural CCEI towns' economic inclusion agendas



NOTE: To access local economic inclusion agendas online, please visit the following links: [Michigan City](#), [Seymour](#), [Warsaw](#).

The key strategies included across all three agendas can be seen in Table 6.



Photo: East Fort Wayne Street | City of Warsaw, Indiana, courtesy of Anderson + Bohlander

TABLE 6

Overview of CCEI agendas across three rural towns

CCEI investment category	CCEI agenda investments (aggregated across communities)
Economic ecosystem	<ul style="list-style-type: none"> • Enhance existing resident access to living-wage jobs and career pathways, particularly for youth. • Strengthen local commercial corridors with targeted support to local and minority-owned businesses to ensure the survival of diverse businesses and improve quality of place. • Inspire a diverse and dynamic culture of entrepreneurship, including for youth, through internship, apprenticeship opportunities, and the creation of minority-led small business associations. • Create place-based “Opportunity Hubs” to connect residents of all ages to quality jobs and job training in one central location that is in close proximity to district residents.
Built environment	<ul style="list-style-type: none"> • Build and rehabilitate housing for district residents, particularly deteriorating housing and manufactured housing units. • Enhance walkability and pedestrian safety in key commercial corridors. • Fill gaps in trail access for underserved areas and create actionable master plans for improving access to public parks. • Encourage development and revitalization in long-vacant sites for community-centered uses. • Increase access to natural amenities and recreational assets, including lakefronts and national parks. • Transform legacy development sites through catalytic development (see Figure 7).
Public health	<ul style="list-style-type: none"> • Improve access to fresh and healthy food, including through options to attract full-service grocery stores. • Improve housing conditions within apartment communities, as well as launch first-time homebuyer programs to increase access to safe, healthy housing options. • Address safety concerns through built environment investments to repair neighborhood vacancies, as well as through investments in new civic assets and recreational opportunities for youth.
Social & civic infrastructure	<ul style="list-style-type: none"> • Invest in neighborhood civic infrastructure, including community centers, community-based organizations, CDFIs, and neighborhood associations. • Cultivate third places through creative placemaking. • Launch neighborhood leadership programs to bolster residents’ capacity to drive local change. • Consider a “Welcome Center” to provide services to new community members. • Enhance recreational options, including through new recreational and athletic centers.

FIGURE 7

Renderings of potential catalytic development sites in Michigan City and Warsaw, Indiana



SOURCE: Anderson + Bohlander

Key “what” lessons from rural CCEI:

All three towns successfully co-created their own local economic inclusion agendas, with key lessons emerging from these efforts, presented below. These lessons provide important contextual grounding for the policy recommendations presented in the next section of the report.

CCEI agendas helped make the case and secure buy-in for holistic, equitable economic development across unlikely stakeholders. When towns implemented the CCEI agenda-setting model with fidelity and community insight, they found that stakeholders of all kinds—including town and regional stakeholders who had been seen as agnostic to place-based priorities—saw the value, evidence, and undeniable imperative behind the need to achieve CCEI agenda priorities. This process also enabled small-town leaders to realize that many of their greatest barriers to development are rooted in issues such as housing, workforce skills training, child care, and entrepreneurial support, which traditional economic development tools do not often address—making them increasingly open to new approaches.

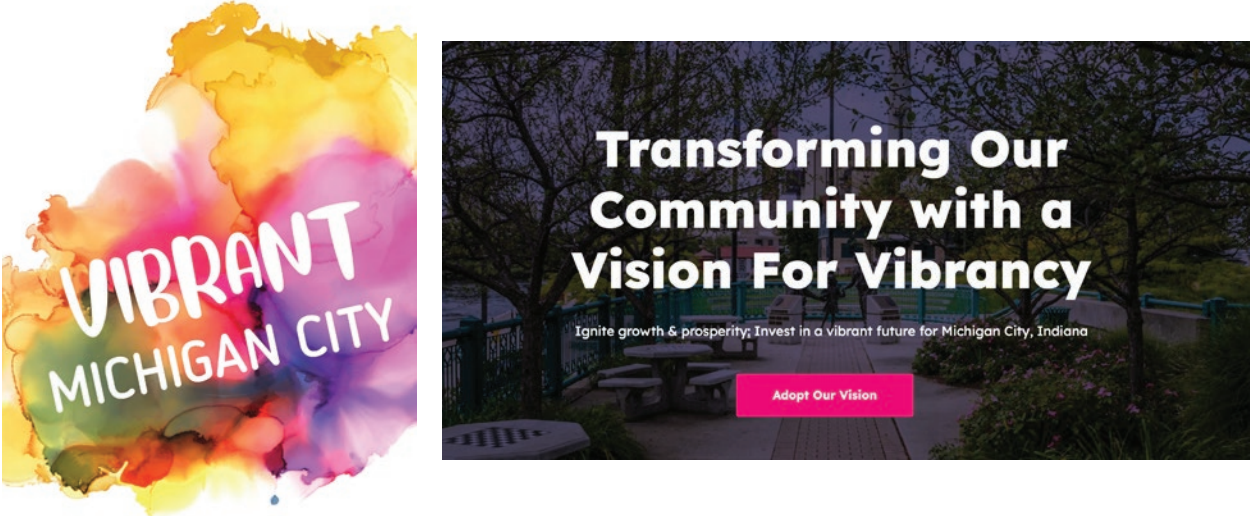
“ You can’t just do capital projects and not provide things like meaningful child care or housing. We need to get people to their training, and to do smaller-level things like transport, education centers, and local job creation. ” – A rural Indiana stakeholder

Rural economic inclusion efforts benefit from locally tailored branding, communications, and storytelling capacity. Given how rare rural hyperlocal district strategies can be outside of downtown and Main Street corridors, towns that launched a strong “local branding” strategy for their agendas received the most positive responses—bringing in stakeholders of all kinds (community, town, and regional) to see themselves in the local opportunities and challenges that each agenda laid out. This effort does, however, require capacity for communications, convening, and storytelling from the local organizations leading CCEI efforts.

Michigan City, for instance, named its CCEI process “Vibrant Michigan City”—drawing from a previous countywide planning effort “Vibrant LaPorte County.” As part of their public-facing communications with residents, they launched a [Vibrant Michigan City website](#) with regular updates on community meetings and implementation progress, as well as place for residents to submit feedback virtually.

FIGURE 8

Example of Michigan City’s economic inclusion district branding



NOTE: For more information see: [Vibrantmc.com](#)



Photo: View to NIPSCO Power Plan from West Side | Michigan City, Indiana, courtesy of Anderson + Bohlander

Photo: Shoreline Brewery & Restaurant
Michigan City, Indiana, courtesy of Anderson + Bohlander



Step 5 | The “how”

Implementing, funding, and sustaining CCEI agendas

The economic disparities facing disinvested rural areas were created and sustained over generations and require long-term, generational investments to make them right. That being said, the CCEI model aims to deliver more near-term, concrete results that can be achieved within a shorter period of time: three years. The reason for this is to facilitate an equitable development planning process under limited resources and capacity constraints that both keeps its promises to residents and builds the capacity needed for locally led organizing for longer-term development priorities.

This section provides guidance on how to implement CCEI agendas over a three-year period and ensure coalition members build on local successes to advocate for larger-scale change, primarily through strong governance and funding structures over time (see Table 7).

Importantly, even though lead conveners are necessary for successful governance, all CCEI agendas are ultimately co-governed and co-implemented by coalitions—no one organization can lead CCEI and be successful. For an example of shared governance structures, see Figure 9.



Photo: Buffalo Street | Warsaw, Indiana, courtesy of Anderson + Bohlander

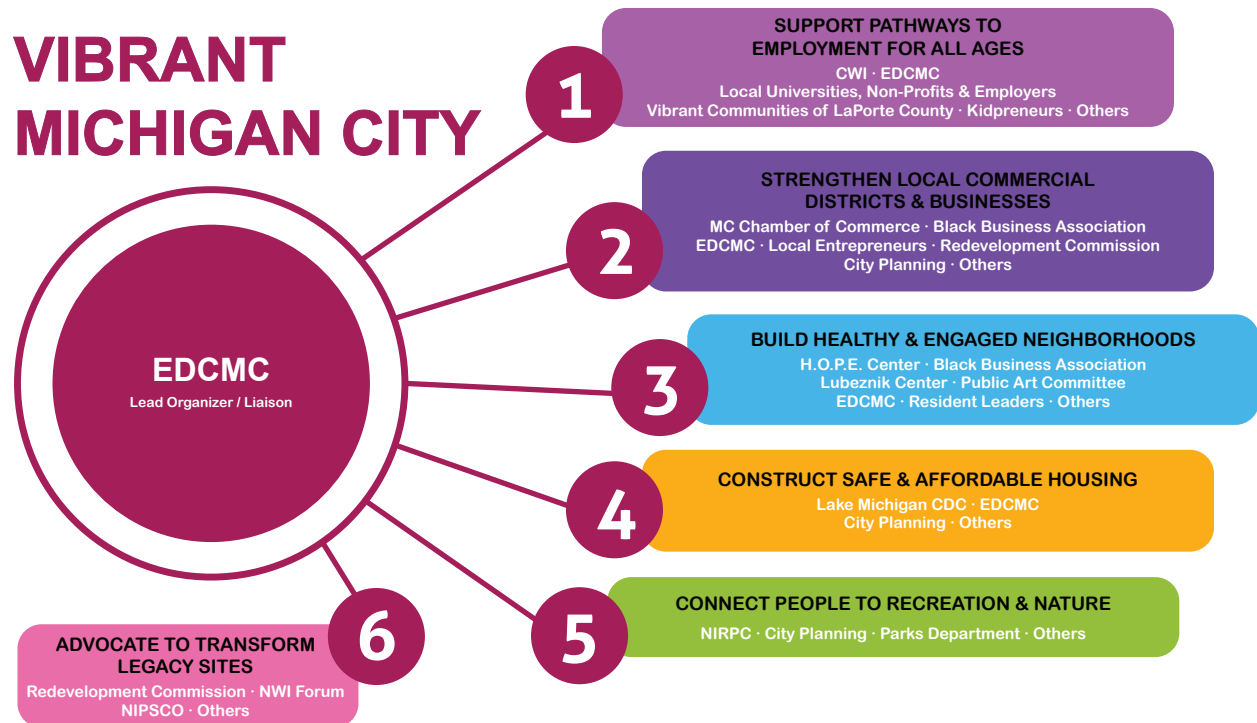
TABLE 7

“Lead” CCEI convening organization roles and responsibilities during implementation

Role	Responsibility
Organize and convene community, city, and regional partners throughout the implementation period	Convene regular meetings of all implementing partners, as well as onboarding new partners into the initiative. How regularly these meetings are convened should be decided locally; however, meeting at least quarterly is recommended to maintain momentum and communication.
Staff CCEI agenda governance and coordination	Employ a dedicated staff person who will be the ongoing catalyst and contact point for residents and businesses in the priority area as well as external partners. When applicable, the staff member should be at least proficient in the primary language spoken in the priority area.
Create an annual work plan for CCEI agendas	Create annual work plans to guide implementation efforts across all key implementation partners, while recognizing that it will be up to partners to manage their actual work plan for agenda implementation.
Fundraise and advocate for CCEI resources	Directly fundraise, along with other implementation partners, to support agenda implementation. In addition to seeking new resources through joint fundraising, this can also be done through the modification or expansion of work already happening among implementing partners or by advocating with organizations that have the ability to focus their resources on the priority area.
Keep score of progress	Work with other implementing organizations to agree on a mechanism for tracking implementation progress for specific agenda components. This will include the units of measurement, means and schedule of reporting, and how this information will be shared across all partners.
Promote CCEI in the priority area	Take the lead in promoting CCEI and its priority areas. This may take the form of developing and maintaining websites, media outreach, hosting community events, participating in regional economic development events, and directly promoting the priority area to potential businesses, artists, real estate developers, site selectors, economic development organizations, and relevant units of government.

FIGURE 9

Shared governance structure for implementing CCEI in Michigan City



Key “how” lessons from rural CCEI:

All three towns are in the midst of their three-year CCEI implementation period, but several key lessons have already emerged from their early efforts. Presented below, these lessons provide important contextual grounding for the policy recommendations presented in the next section of the report.

Early wins are critical for sustaining momentum and resident trust. Outside of larger real estate and housing projects—which can take years to show tangible benefits to the surrounding community—smaller and less resource-intensive implementation “wins” are critical for sustaining buy-in for longer-term CCEI priorities, as well as for maintaining trust with residents that the agenda’s promises will be kept. Early wins can be relatively inexpensive, such as a new placemaking initiative, adding amenities such as seating and shade in public parks, or propping up organizations to support residents and small businesses. For example, Warsaw’s early win focused on forming a Winona Avenue Business Association comprised of predominantly Latino- or Hispanic-led businesses, with stipends and capacity-building supports for participation.

Funding for implementation (and implementation capacity) is the largest hurdle for rural CCEI. Rural towns often have significantly strained philanthropic and governmental resources for funding equitable development initiatives like CCEI (see Table 8). This presented a challenge not only for funding strategies and investments within priority districts, but also for funding the capacity-building supports needed for local organizations to carry out their implementation responsibilities.

TABLE 8

Key funding gaps for implementing CCEI in rural areas

Funding source	Research on funding source for rural areas
Community level	Access to community-based lenders such as CDFIs is significantly <u>more limited</u> in rural areas, with only 14% of community-based development organizations <u>servicing rural places</u> .
City level	Governments led by <u>part-time</u> , volunteer elected officials and thinly staffed town halls <u>under tight fiscal constraints</u> often struggle to <u>provide basic services</u> and <u>possess limited ability</u> to fund additional initiatives, no matter how strong they are.
Regional level	Without interventions like CCEI, rural places are often minimized in regional efforts, resulting in <u>approaches that fail</u> to meet their unique challenges related to small town governance, distance, workforce, and access to capital.
Philanthropic level	Most rural funders are small community foundations that <u>lack the major funding</u> that large foundations tend to have, while larger foundations tend to be located in urban areas and <u>often do not have</u> leadership with rural experience to incentivize investment and understanding of rural communities.

Additional policy and capacity-building supports are needed for more rural places to benefit from equitable development. While public sector stakeholders are typically not the lead conveners in CCEI initiatives to ensure sustainability across election cycles, they are integral partners that CCEI processes cannot function without. The Learning Lab revealed a significant need for greater policy advocacy and championing support from public sector officials to make the case for adequate funding, investment, and capacity-building supports for rural economic inclusion.



Photo: Center Lake Waterfront, Warsaw, Indiana, courtesy of Anderson + Bohlander

05

State policy recommendations: Scaling community- centered inclusion across rural America

Given the key lessons that emerged from the Learning Lab (summarized in Table 9) this section offers three broad policy recommendations—with examples woven throughout—for the kinds of policy and strategy development interventions needed to scale inclusive place-based economic development efforts across more rural places. Given the unique role that states play in supporting rural areas, we focus primarily on state-level interventions that can help more people and places benefit from CCEI.

TABLE 9

An overview of key lessons learned from the rural CCEI Learning Lab

Stage of CCEI	Lessons learned
<p>The ‘where’:</p> <p>Selecting districts for economic inclusion</p>	<ol style="list-style-type: none"> 1. Access to hyperlocal economic data is limited in rural areas, which can minimize the role of “place” in larger city and regional rural economic development initiatives. 2. The case for inclusive place-based development can be a difficult one to make, often requiring exposure to new data, best practices, and strong facilitation for case-making. 3. On the upside, new exposure to hyperlocal information can go a long way in building momentum and political support for inclusive development in disinvested districts.
<p>The ‘who’:</p> <p>Convening a coalition of leaders to co-create economic inclusion priorities</p>	<ol style="list-style-type: none"> 4. Neighborhood-level organizing is limited in many rural districts, which makes it difficult to engage community-based leaders and residents without significant capacity-building efforts to support neighborhood-level civic infrastructure. 5. Rural town agencies are often hamstrung by significant capacity gaps, impeding their ability to address equitable representation and community engagement challenges at the hyperlocal scale. 6. The “tight-knit” nature of small town social and civic dynamics can make equitable engagement more difficult, and at times lead to an aversion to push for local change on “hot-button” development issues. 7. Despite their challenges, rural areas saw greater participation from high-level town and regional stakeholders than is typical in many place-based efforts in larger cities and metro areas.
<p>The ‘why’:</p> <p>Economic development planning to help correct for past harms and invest in undervalued assets</p>	<ol style="list-style-type: none"> 8. The traditional rural economic development model—which focuses on attracting businesses to locate or relocate into an area—can be a difficult tradition to break, and requires sustained education and engagement on the benefits of new approaches. 9. Rural corridors typically have few previous plans to draw from, which leaves a knowledge gap that can make rural CCEI efforts less able to learn from past community and economic development planning mistakes. 10. On the upside, rural residents were less likely to be fatigued by over-planning, and were enthusiastic and consistent in their participation throughout the CCEI planning and implementation process.

An overview of key lessons learned from the rural CCEI Learning Lab

Stage of CCEI	Lessons learned
<p>The ‘what’:</p> <p>Co-creating CCEI agendas</p>	<p>11. The CCEI process successfully increased buy-in for holistic, equitable economic development across unlikely stakeholders, enabling many to realize issues such as housing, workforce skills training, child care, entrepreneurial support, and placemaking are critical components of economic development.</p> <p>12. Rural economic inclusion efforts benefit from locally tailored branding, communications, and storytelling capacity that help rural residents see themselves in local opportunities, rather than applying national frameworks or other non-rural-specific branding that may be perceived as irrelevant to small communities.</p>
<p>The ‘how’:</p> <p>Implementing, funding, and sustaining CCEI</p>	<p>13. Early implementation “wins” are critical for sustaining buy-in for longer-term CCEI priorities, as well as for maintaining trust with residents that the agenda’s promises will be kept.</p> <p>14. Funding for implementation (and implementation capacity) is the largest hurdle for rural CCEI, as rural towns often have significantly strained philanthropic and governmental resources to fund equitable development initiatives.</p> <p>15. Additional policy and supports are needed from public sector officials to make the case for adequate funding, investment, and capacity-building supports for rural economic inclusion.</p>

There are three key reasons our recommendations focus on the role of states in supporting rural economic inclusion:

State governments set the stage for rural economic development practice: Many state legislators have outsized influence on rural areas, setting the policies, programs, and incentives that dominate how rural economic development is practiced. While state legislatures consistently support practices such as [business attraction](#), expansion, and relocation, this spending is often driven by short-term business needs rather than strengthening the capacity of [regions](#) and [localities](#) to grow businesses, build and retain a skilled workforce, and attract investment in their economy. Due to the political power of “creating” large numbers of jobs, even rural legislators can be lured into supporting primarily transactional programs that continue to neglect local community development needs. Addressing these needs is often relegated to [state agencies](#) with far smaller budgets and limited local partnerships to effectively deploy them.

State governments have outsized influence on rural development policy: State government sets [most of policies](#) that drive economic development, such as taxation, education, transportation, environmental protection, workforce development, brownfield remediation, land use and zoning, and redevelopment tools. State incentives to business expansion and relocation projects are the [primary investments](#) of their economic development budgets. These incentives often [take the form](#) of property and corporate tax credits or abatements, employee training grants, discounted land, extensive infrastructure construction, and streamlined regulatory processes. Success is typically measured by the number of [jobs created](#) or retained directly by the supported business and indirectly in the surrounding region.

State governments play a key role in distributing federal funding to rural communities: States [determine](#) how large a share of federal funding reaches rural communities: [45% of the Infrastructure Investment and Jobs Act](#), for instance.

With these factors in mind, we conclude with three primary recommendations on how state governments can better support rural economic inclusion efforts.

Recommendation #1

Build the capacity of local community institutions, economic development organizations, and other civic entities to lead community-centered planning in rural towns.

The three rural Indiana towns overwhelmingly described the lack of civic capacity at the community scale as one of their largest barriers to successful implementation. Drawing from [decades of rural development research](#), states should recognize that one of the most critical components of rural resilience is the ability to form trusted relationships and collective action to scale effective development efforts—which requires significant capacity on behalf of the civic institutions that steward these efforts.

TABLE 10

Examples of state-level initiatives to build the capacity of rural areas for community-centered planning

State-level initiative	Description
<p>Indiana Office of Community and Rural Affairs' peer mentoring program</p>	<p>A state-created peer mentorship program to encourage collaboration and sharing of best practices between communities. IOCRA selects and partners an experienced “mentor” community with a host community seeking help on a local-asset-based project, such as Main Street revitalization, building a tourism economy or local businesses, or investing in education. Partnerships are chosen on the basis of maximizing lessons learned and the impact on the host community.</p>
<p>West Virginia Community Development Hub</p>	<p>As a statewide rural development hub, the West Virginia Community Development Hub works directly with communities and individuals across the state to build civic capacity and advance sustainable and equitable community economic development. The Hub fosters leadership among underrepresented groups through a Kickstarter online training and fellowship program, and grows community capacity through project-based programs such as Hub Communities of Achievement.</p>
<p>North Carolina's Rural Economic Development Institute</p>	<p>Aims to directly build civic capacity across the state through a nine-day intensive training on collaborative leadership and rural development for civic and community leaders at the local and state level. Graduates become a part of the Homegrown Leaders alumni network and have access to advanced training and continuing education. Under the Homegrown Leaders program (a regional leadership and economic development training program), community leaders from a selected region convene to build the skills, knowledge, and relationships to advance inclusive and equitable long-term economic growth in their region.</p>

Recommendation #2

Advance a more holistic vision for rural economic development—one that encompasses improving quality of life, residents’ access to opportunity, entrepreneurship, and placemaking—as a core component of regional growth initiatives

Small-community leaders are increasingly aware that the economic development status quo is not working for them, and that their greatest barriers to development are issues such as housing, workforce skills training, child care, and entrepreneurial support, which traditional economic development tools often do not address. Rather than focus primarily on business attraction and incentives, state-level economic development policies should focus on bolstering a more holistic set of supports that contribute to equitable development, including investments in strong commercial corridors, housing, child care, workforce development, arts and culture, and equitable small business development, among others. Many of these investments must go beyond support for capital projects to include investments in programming and capacity-building.

TABLE 11

Examples of state-level initiatives to advance a more holistic approach to rural economic development

State-level initiative	Description
Michigan Economic Development Corporation’s Redevelopment Ready Communities program	Aims to build community capacity for sustainable and equitable community and downtown development. Designated communities are eligible for financial assistance, direct technical assistance, and assessment services for priority sites through the Redevelopment Services Team .
Indiana’s Regional Economic Acceleration and Development Initiative (READI)	Allocates \$500 million to the state’s 17 regions to invest in economic growth through strategic regional planning, with a particular focus on investing in quality of place, quality of opportunity, and quality of life.
Pennsylvania’s Diverse Leaders Venture Program	Administered through the Pennsylvania Department of Community and Economic Development, the program provides loans to diverse venture capitalists in the effort to diversify the dispersion of funding to small businesses across the state.

Recommendation #3

Hold policies, programs, and grantmaking decisions accountable for rural contexts to better align funding systems with community priorities and outcomes

The three towns’ early implementation experiences point to the need for greater funding and capacity-building supports for rural areas, as well as the need for funders to recognize that drivers and measures of success can look fundamentally different in rural areas compared to larger peers due to the distinct capital access, capacity-building, administrative, and human capital hurdles that uniquely affect rural areas. To this end, rural towns would benefit greatly from a better acknowledgment of the rural context in funding allocation decisions across all levels of government.

TABLE 12

Examples of state-level initiatives to make grantmaking more accountable to rural contexts

State-level initiative	Description
Grant Ready Kentucky	In response to an anticipated influx of federal resources, Grant Ready Kentucky was formed in direct support of small, rural, or under-resourced organizations to build grant-seeking capacity. Along with partners, Grant Ready Kentucky helps nonprofits and communities seeking grant assistance by showcasing best-fit grant opportunities, sponsoring free grant training, providing one-on-one grant-readiness coaching and technical assistance, and encouraging the development of peer networks. Through these efforts, the organization illuminates barriers that Kentucky communities face when seeking grant funding, and advocates for the system changes necessary to remove those barriers.
New York State’s Community Development Financial Institution Assistance Program	Provides grants to local CDFIs within the state to support institutional capacity-building, and local CDFI lending and technical assistance services to small businesses.
New Mexico’s Rural and Frontier Ombudsman	Seated within the Department of Finance and Administration, Local Government Division, the Rural and Frontier Ombudsman is tasked with addressing ways rural areas can be left out of policy and grant-making decisions.

Photo: Former Elston Middle School | Michigan City, Indiana, courtesy of Anderson + Bohlander



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Conclusion

Despite the structural barriers to opportunity that rural communities face, the community-centered economic inclusion process demonstrates the powerful potential of investing in distinctly rural assets—and the community members who steward them—as key to enhancing equitable opportunity. Though the full impact of the three towns' CCEI initiatives will likely not be known for years, its impact so far has shown CCEI's promise as a model for promoting shared, sustainable pathways to rural prosperity—designed by and for rural residents.

Endnotes

- i Defining “rural”: Researchers and policymakers disagree on what constitutes a “rural” area, with many using the definition of “nonmetropolitan” interchangeably with rural. This paper uses the nonmetropolitan delineation; however, it recognizes that there is no simple rural-urban dichotomy, nor are such dichotomies necessarily useful. Binary classifications shift over time due to changes in population, may fail to capture cultural understandings of “rural” that do not reflect demographic data, and may serve to obscure the interconnected nature of rural-urban interdependence in today’s economy ([Dabson, 2019](#); [Ajilore and Willingham, 2019](#); [Lichter and Ziliak, 2017](#)).
- ii Population estimates based on Brookings analysis of U.S. Census Bureau American Community Survey 2022 5-year estimates and 1990 U.S. decennial census data
- iii Brookings analysis of 2020 U.S. decennial census data as a point-in-time analysis to determine the local CCEI process in Michigan City
- iv Population estimate based on Brookings analysis of U.S. Census Bureau American Community Survey 2022 5-year estimates
- v Brookings analysis of 2010 and 2020 U.S. decennial census data during the creation of Michigan City’s local CCEI agenda
- vi Brookings analysis of U.S. Census Bureau American Community Survey 2022 5-year estimates
- vii U.S. Census Bureau American Community Survey 2022 5-year estimates and 1990 U.S. decennial census data
- viii Brookings analysis of U.S. Census Bureau American Community Survey 2022 5-year estimates
- ix Brookings analysis of 2020 U.S. decennial census data as a point-in-time analysis to determine the local CCEI process in Warsaw and Indiana Department of Education Enrollment by Ethnicity and Free/Reduced Price Meal Status 2020

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